
LOAN AGREEMENT

This LOAN AGREEMENT, made and entered into as of April 1, 2005, is by and between MONROE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY (the "Issuer") and NORTH KEY LARGO UTILITY CORP., a not-for-profit corporation organized and existing under and by virtue of the laws of the State of Florida (the "Borrower").

WITNESSETH:

ARTICLE 1

DEFINITIONS

Section 1.1 Definitions Unless the context or use indicates another meaning or intent, the following words and terms as used in this Agreement shall have the following meanings, and any other words and terms which are defined in the Bond Indenture or the Master Indenture shall have the meanings as therein defined:

"Accountant" or "Accountants" means a nationally recognized firm of certified public accountants knowledgeable in the operation of parking garage facilities employed by the Borrower.

"Act" means Chapter 159, Part II and Part III, Florida Statutes, as from time to time amended, and other applicable provisions of law.

"Agreement" or "Loan Agreement" means this Agreement by and between the Issuer and the Borrower.

"Bonds" means the not exceeding \$2,965,000 aggregate principal amount of Monroe County Industrial Development Authority Industrial Development Revenue Bonds (North Key Largo Utility Corp. Project), Series 2005.

"Bond Indenture" means the Bond Trust Indenture of even date herewith, entered into by and between the Issuer and the Trustee, as amended and supplemented from time to time.

"Bond Fund" means the fund created by Section 5.2 of the Bond Indenture.

"Borrower" means North Key Largo Utility Corp., a not-for-profit corporation organized and existing under the laws of the State of Florida, its successors and assigns.

"Borrower Documents" shall mean this Agreement, the Master Indenture, the Master Note, Series 2005, the Supplement and the Tax Certificate, and each other document relating to the Bonds to which the Borrower is a party.

"Borrower Representative" means each of the persons at the time designated to act on behalf of the Borrower in a written certificate furnished to the Issuer and the Trustee, which

certificate shall contain the specimen signature(s) of such person(s) and shall be signed on behalf of the Borrower by its President.

“Closing Date” means the date on which the Bonds are delivered to the original purchaser or purchasers thereof, or to DTC on behalf of the purchasers, and on which payment is received by the Issuer.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations from time to time issued pursuant thereto.

“Cost” shall have the meaning assigned to such term in the Bond Indenture.

“Event of Default” means any of the events of default specified in Article 7 hereof.

“Exchange” shall mean the refunding of the 1995 Bonds by the exchange of such 1995 Bonds for the Bonds.

“Facilities” means all land, leasehold interests and buildings and all fixtures and equipment (as defined in the Florida Uniform Commercial Code) comprising a part of the System.

“Financial Statements” means the financial statements of the Borrower.

“Fiscal Year” means the Borrower’s fiscal year which is the period commencing on the first day of January of any year and ending on the last day of December in the next calendar year or such other period of time consisting of 12 consecutive calendar months as shall be determined by the Borrower upon notification of such determination to the Trustee and the Master Trustee.

“Issuer” means (i) the Monroe County Industrial Development Authority, its successors and assigns and (ii) any local governmental body resulting from or surviving any consolidation or merger to which the Issuer or its successors may be a party.

“Issuer Documents” shall mean the Bond Indenture, this Agreement and the Tax Certificate.

“Issuer Representative” means each of the persons at the time designated to act on behalf of the Issuer in a written certificate furnished to the Borrower and the Trustee, which certificate shall contain the specimen signature(s) of such person(s) and shall be signed on behalf of the Issuer by its Chairman, Vice Chairman or Secretary.

“Loan” means the loan of the proceeds of the Bonds made by the Issuer to the Borrower pursuant to Section 3.2 of this Agreement.

“Loan Repayment Date” means the dates set for Loan Repayments in Section 5.1 of this Agreement

“Loan Repayments” means the payments set forth in Section 5.1 of this Agreement.

"Master Indenture" shall have the meaning assigned to such term in the Bond Indenture.

"Master Note, Series 2005" means Master Note, Series 2005 issued and delivered by the Borrower under the Master Indenture and the Supplemental Indenture for Master Note, Series 2005, and delivered to the Issuer as collateral security for the repayment of the Loan and the performance of the Borrower's obligations under this Agreement and which was assigned by the Issuer to the Trustee as security for the Bonds, a copy of which is attached hereto as Exhibit B.

"Master Trustee" shall have the meaning assigned to such term in the Bond Indenture.

"Permitted Liens" shall have the meaning assigned to such term in the Master Indenture.

"Private Placement Memorandum" means the Private Placement Memorandum relating to the Bonds.

"Property" means any and all rights, title and interests of the Borrower in and to any and all property (including cash) whether real or personal, tangible or intangible and wherever situated.

"Redemption Requirements" for any Bond Year means the mandatory principal redemption requirements payable from the Bond Sinking Fund.

"System" means the wastewater system currently owned and operated by the Borrower, a portion of which was financed with the proceeds of the 1995 Bonds.

"State" means the State of Florida.

"Supplemental Indenture for Master Note, Series 2005" shall have the meaning assigned to such term in the Bond Indenture.

"Tax Certificate" means the Tax Certificate dated the date of issuance of the Bonds, by and among the Issuer, the Borrower and the Trustee.

"Trustee" shall mean Wachovia Bank, National Association, a national banking association with a designated corporate trust office located in Miami, Florida, and its successors in interest as trustee under the Bond Indenture and any indenture supplemental thereto.

"Unassigned Rights" means those rights reserved to and by the Issuer under Section 5.5 hereof.

"1995 Bonds" shall mean the Monroe County Industrial Development Authority Industrial Development Revenue Bonds (North Key Largo Utility Corp. Project), Series 1995, issued on March 9, 1995, to finance the cost of improvements to the System.

Section 1.2 Headings. Article and Section headings are furnished for convenience only and do not constitute a part of this Agreement.

Section 1.3 Use of Phrases. "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Agreement as an entirety and not solely to a particular portion in which any such word is used. The definitions set forth in Section 1.1 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders. Provisions calling for or referring to the delivery by the Borrower of financial statements for any given period shall be deemed satisfied if the combined or consolidated financial statements for such period, prepared in accordance with GAAP, of such entities are so delivered.

ARTICLE 2

REPRESENTATIONS

Section 2.1 Representations by the Issuer. The Issuer makes the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) The Issuer is duly established and validly existing under State law and has full legal right, power and authority to execute, deliver and perform each of the Issuer Documents and the other documents contemplated thereby. Each of the Issuer Documents and the other documents contemplated thereby have been duly authorized, executed and delivered by the Issuer.

(b) The Issuer will issue not exceeding \$2,965,000 aggregate principal amount of Industrial Development Revenue Bonds (North Key Largo Utility Corp. Project), Series 2005, in exchange for a like principal amount of 1995 Bonds transmitted pursuant to the Exchange. The Bonds will be issued, mature, bear interest, be redeemable and have other terms and provisions as provided for therein and in the Bond Indenture.

(c) The Issuer duly adopted its resolution on April __, 2005, to approve the Exchange.

(d) On April __, 2005, the Board of County Commissioners of Monroe County, Florida approved the issuance of the Bonds.

(e) The Issuer has previously determined that the issuance of the 1995 Bonds and the loan of the proceeds thereof to the Borrower for the purpose of providing wastewater treatment in the northern part of Monroe County serves a paramount public purpose.

(f) The Issuer duly adopted its resolution at a duly called and publicly noticed meeting.

(g) Neither the execution and delivery of any of the Issuer Documents and the other documents contemplated thereby or the consummation of the transactions contemplated thereby nor the fulfillment of or compliance with the provisions of any of the Issuer Documents and the other documents contemplated thereby, will conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of the Act, any other law or ordinance of the State or any political subdivision thereof, or of any restriction or any agreement or instrument to which the Issuer is a party or by which it is bound, or result in the creation or imposition of

any Lien of any nature upon any of the Property of the Issuer under the terms of the Act or any such law, ordinance, restriction, agreement or instrument.

(h) Each of the Issuer Documents and the other documents contemplated thereby constitutes a legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms.

Section 2.2 Representations and Warranties by the Borrower. The Borrower makes the following representations, warranties and covenants as the basis for the undertakings on its part herein contained:

(a) The Borrower is a not-for-profit corporation duly organized and validly existing under the laws of the State of Florida, is in good standing under the laws of the State and has received a determination letter from the Internal Revenue Service that it qualifies as a tax-exempt entity under Section 501(c)(12) of the Code. The Borrower has full legal right, power and authority to execute, deliver and perform each of the Borrower Documents and the other documents contemplated thereby. Each of the Borrower Documents and the other documents contemplated thereby has been duly authorized, executed and delivered by the Borrower.

(b) Neither the execution and delivery of any of the Borrower Documents and the other documents contemplated thereby or the consummation of the transactions contemplated thereby nor the fulfillment of or compliance with the provisions of any of the Borrower Documents and the other documents contemplated thereby, will conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of any applicable law or ordinance of the State or any political subdivision thereof or of the Borrower's operating agreement or Articles of Incorporation, or any restriction or any agreement or instrument to which the Borrower is a party or by which it is bound, or result in the creation or imposition of any Lien of any nature upon any of the Property of the Borrower under the terms of any such law, ordinance, operating agreement, Articles of Incorporation or By laws, restriction, agreement or instrument, except for Permitted Liens.

(c) The System conforms with all applicable zoning, planning, building and environmental laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the System. The Borrower will use its best efforts to operate the System in a manner that will conform with all applicable environmental laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the System.

(d) The Borrower shall perform or cause to be performed, for and on behalf of the Issuer each and every obligation of the Issuer under and pursuant to the Bond Indenture which, by its terms, is required to be performed by the Borrower and shall not fail to take any other action which is necessary to enable the Issuer to discharge its duties under the Bond Indenture.

(e) Each of the Borrower Documents and the other documents contemplated thereby constitutes a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except as such enforcement may be limited by (i) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar statutes, rules, regulations or other laws affecting the enforcement of creditors' rights and

remedies generally or (ii) the unavailability of, or limitation on the availability of, a particular right or remedy (whether in a proceeding in equity or at law) because of an equitable principle or a requirement as to commercial reasonableness, conscionability or good faith.

(f) The Borrower agrees that it (i) shall not perform any act, enter into any agreement or use or permit the System, or any portion thereof, to be used in any manner, or for any trade or business or other non-exempt use related to the purposes of the Borrower, which would adversely affect the exclusion of interest on the Bonds from federal gross income pursuant to Section 103 of the Code, and (ii) shall not do or fail to do any act or undertaking which may give rise to unrelated trade or business income with respect to its operations at the System.

(g) The acquisition of and the improvements to the System financed with the proceeds of the 1995 Bonds was a "project" within the meaning of the Act.

(h) The Borrower agrees that neither it nor any related party to the Borrower (as defined in Treas. Reg. § 1.150-1(b)) will purchase any of the Bonds in an amount related to the obligation represented by this Agreement.

(i) The Borrower will use due diligence to cause the System to be operated in accordance with the laws, rulings, regulations and ordinances of the State and the departments, agencies and political subdivisions thereof. The Borrower will cause to be obtained all requisite approvals of the State and of other federal, state, regional and local governmental bodies required for the Borrower's operation of the System.

ARTICLE 3

ISSUANCE OF BONDS; LOAN; SECURITY

Section 3.1 Agreement to Issue Bonds; Authority's Liability Under the Bonds.

(a) As provided in Section 3.2 of this Agreement, the Issuer will, at the request of the Borrower, issue and cause to be delivered to the holders of the 1995 Bonds, the Bonds pursuant to the provisions of the Bond Indenture. Such Bonds will bear interest and mature as set forth in the Bond Indenture.

(b) The Bonds shall be limited obligations of the Issuer, the principal, interest and redemption premium, if any, on which shall be payable solely out of the moneys to be derived by the Issuer pursuant to this Loan Agreement and the Master Note, Series 2005.

Section 3.2 Loan. Concurrently with the issuance and delivery of the Bonds, the Issuer will, upon the terms and conditions of this Agreement, lend to the Borrower the proceeds derived by the Issuer from the issuance of the Bonds, in the amount of \$_____ (the "Loan"), for the purposes of the Exchange, and the Borrower hereby acknowledges such Loan and that the same shall be paid to the Trustee and applied as provided in Article III of the Bond Indenture.

The Borrower hereby accepts the Loan and as collateral security therefor, shall deliver to the Issuer herewith the Master Note, Series 2005 described on the attached Exhibit B. The

Borrower shall repay the Loan in accordance with the provisions of the Master Note, Series 2005 and this Agreement. The Master Note, Series 2005 is issued under and secured by the Master Indenture and the Supplemental Indenture for Master Note, Series 2005. The Master Indenture provides that the Borrower may issue additional indebtedness secured by the security for the Master Note, Series 2005 on a pari passu basis for the purposes, under the terms and conditions and to the extent described in the Master Indenture.

ARTICLE 4

THE EXCHANGE

Section 4.1 Completion of Exchange. The Borrower shall complete or cause to be completed the Exchange within ninety (90) days of the issuance of the Bonds.

Section 4.2 Compliance with Regulatory Requirements. The Borrower agrees that the System is in compliance with all applicable ordinances and statutes and the requirements of all regulatory authorities having jurisdiction. Notwithstanding the foregoing, the Borrower shall not be deprived of the right to contest the validity or application of any such ordinance, statute or requirement provided that such contest shall not impede the operation of the System or subject the Property of the Borrower to danger of loss or forfeiture or other materially adverse affect or impair the Property of the Borrower.

Section 4.3 Payment of Expenses. The Borrower agrees to pay from legally available moneys which are not derived from the proceeds of a tax-exempt borrowing, when due, all fees and expenses for inspections, appraisals, all recording fees and documentary taxes, if any, and all legal fees related to this Agreement, the Bond Indenture, the Master Indenture, the Master Note, Series 2005, the Supplement and all costs, fees and expenses related to the Bonds, including but not limited to, the Bond Trustee's fees and expenses, printing costs, accounting fees, consulting fees, financial feasibility study fees, and legal fees to the extent not paid by the Bond Trustee pursuant to Article III and Section 8.6 of the Bond Indenture and Section 6.7 of the Master Trust Indenture, and the reasonable and necessary fees and expenses, including legal and certified public accountant fees, of the Issuer relating to the System or to the Property of the Borrower or to the Issuer's rights or obligations hereunder or under the Bond Indenture or the Master Indenture, whether or not such fees or expenses are payable before the commencement of or during the term of this Agreement. The Borrower also agrees to pay from legally available moneys which are not derived from the proceeds of a tax-exempt borrowing all fees and expenses in connection with the 1995 Bonds redeemed and not exchanged for the Bonds.

ARTICLE 5

LOAN REPAYMENTS

Section 5.1 Loan Repayments. The Borrower shall pay to the Trustee, in such manner as shall be acceptable to the Trustee, for the account of the Issuer without notice or demand, in such coin or currency of the United States of America as at the time of payment shall be legal tender for public and private debts, payments in amounts sufficient to timely pay in full the principal of (whether at maturity, by acceleration, by call for redemption or otherwise),

redemption premium, if any, and interest on the Bonds from time to time outstanding under the Bond Indenture less the amount of other funds available for such payment as provided in the Bond Indenture ("Loan Repayments"). Without limiting the foregoing, Loan Repayments shall be due and payable in the following amounts, less the amount of credit to which the Borrower may be entitled in accordance with the Bond Indenture and Section 5.2 hereof, and at the following times (each a "Loan Repayment Date"), but if the date of required payment shall not be a Business Day, then on the next preceding Business Day:

(a) Semiannually, two Business Days prior to the date it is due, an amount which will be not less than the interest to become due on the next succeeding Interest Payment Date of the Bonds; and provided, that the Borrower shall be entitled to certain credits on such payments as permitted under this Loan Agreement;

(b) Annually, two Business Days prior to the date it is due, an amount which will be not less than the next installment of principal becoming due on the Bonds by maturity or mandatory redemption; and provided, that the Borrower shall be entitled to certain credits on such payments as permitted under this Loan Agreement;

(c) Any amount necessary to fund or replenish the Reserve Fund under Section 3.2 of the Master Indenture. The Borrower agrees to restore the amount on deposit in the Reserve Fund to an amount equal to the Reserve Fund Requirement within not more than 120 days following the date the Borrower receives notice of such deficiency. If as a result of the Reserve Fund having been drawn upon the amount in the account established for the Bonds within the Reserve Fund is less than 100% of the Reserve Fund Requirement, the Borrower agrees to restore the amount on deposit in the account established for the Bonds within the Reserve Fund to an amount equal to the Reserve Fund Requirement by the deposit with the Master Trustee of an amount equal to such deficiency in not more than 12 substantially equal monthly installments beginning with the first day of the first month after the month in which such draw occurred; and

(d) Any rebate amount required to be paid on behalf of the Issuer to the U.S. Treasury pursuant to Section 148 of the Code and the Tax Agreement.

(e) If (i) there is a Determination of Taxability (as defined in the Bond Indenture) with respect to any of the Bonds, and (ii) any of such Bonds, the Bond Indenture, this Loan Agreement or any other instrument provides for the Holder or former Holder thereof to receive any additional payment ("Additional Amount") on account of such Determination of Taxability (including, but not limited, to any additional interest, additional premium, liquidated damages or indemnity), the Borrower shall at the time provided in such instrument pay all such Additional Amounts to the Trustee for the benefit of the Holders or former Holders of such Bonds who are entitled to receive such Additional Amount (or if the Bond Indenture has been discharged it shall make such payment directly to such Holders or former Holders). The obligation of the Borrower to pay such Additional Amounts shall survive the termination of this Agreement.

To the extent moneys are deposited in the Bond Fund pursuant to Section 5.4 of the Bond Indenture, the Borrower's obligation to make Loan Repayments under the foregoing clauses (a), (b), (c) and (d), respectively, shall be reduced by the amounts so transferred.

Section 5.2 Credits. Notwithstanding any provision contained in this Loan Agreement or in the Bond Indenture to the contrary, in addition to any credits on the Loan resulting from the payment or prepayment thereof from other sources:

(a) any moneys deposited by the Borrower or the Master Trustee on behalf of the Borrower in any funds or accounts under the Master Indenture and available for payment of the Master Note, Series 2005 shall be credited against the obligation of the Borrower to pay principal, interest and Amortization Installments on the Loan as the same becomes due; and

(b) the principal amount of Bonds purchased by the Borrower and delivered to the Trustee, or purchased by the Trustee on behalf of the Borrower and canceled, shall be credited against the obligation of the Borrower to pay the principal of the Loan (including installment payments corresponding to Mandatory Amortization Installment on the Bonds which are Term Bonds).

Section 5.3 Additional Payments. The Borrower agrees to pay the following items to the following persons as Additional Payments under this Loan Agreement:

(a) To the Trustee, when due, all reasonable fees and expenses of the Trustee for services rendered under the Bond Indenture and all reasonable fees and charges of any paying agent, registrars, counsel, accountants, consultants, engineers and other persons incurred in the performance of services under the Bond Indenture on request of the Trustee for which the Trustee and such other persons are entitled to payment or reimbursement and, to the extent incurred, upon request or with the approval of the Trustee, the reasonable fees and expenses of the Master Trustee;

(b) To the Issuer, on demand, all fees, expenses and disbursements incurred by the Issuer in relation to the obligations pledged under the Bond Indenture or the Bonds which are not otherwise required to be paid by the Borrower under the terms of this Loan Agreement, and all fees, expenses, taxes and assessments of the Issuer as provided for under the Act;

(c) To the Master Trustee or the Trustee, as the case may be, the amount of all advances of funds made by either of them under the provisions of the Master Indenture or the Bond Indenture, with interest thereon from the date of each such advance at the Master Trustee's or Trustee's, as the case may be, announced prime rate per annum from time to time in effect; and

(d) To any other Person entitled to fees, expenses and reimbursement of disbursements with respect to the Bonds, the Bond Indenture and this Loan Agreement.

Section 5.4 No Defense or Set-Off. The obligations of the Borrower to make the payments required hereunder shall be absolute and unconditional without defense or setoff by reason of any default by the Issuer under this Agreement or under any other agreement by and between the Borrower and the Issuer or for any other reason, including, without limitation, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Property of the Borrower, commercial frustration of purpose or failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement, it being the intention of the parties that the

payments required hereunder will be paid in full when due without any delay or diminution whatsoever. The foregoing notwithstanding, nothing in this Section shall preclude the Borrower from instituting separate proceedings against the Issuer or the Trustee for any claims it may have against the Issuer or the Trustee.

Section 5.5 Assignment and Reservation of Authority's Rights. Concurrently with the execution of this Agreement, the Issuer will enter into the Bond Indenture with the Trustee and assign to the Trustee the Issuer's rights under this Agreement and under the Master Note, Series 2005 as security for the payment of the Bonds. The Issuer specifically reserves from this assignment the following rights: (a) to receive all notices, opinions, certificates, copies of documents, instruments, reports and correspondence, and evidence of certain actions by the Borrower required to be delivered to the Issuer under this Agreement; (b) to grant approvals and consents and make determinations when required under this Agreement; (c) to make requests for information and inspections where allowed under this Agreement; (d) to receive payments under Section 4.3, 5.3, 7.5 and 8.2 of this Agreement; (e) the rights conferred upon the Issuer in Section 10.1, 10.5 and 10.6 of this Agreement, and (f) to be indemnified pursuant to Section 8.1 of this Agreement; provided that the reservation of the aforementioned rights shall not prevent the Trustee from enforcing the same on behalf of the Issuer and the Bondholders. The Borrower hereby consents to such assignments. The Borrower will make payment required hereunder directly to the Trustee or to the Issuer, as the case may be, without defense or set-off by reason of any dispute between the Borrower and the Trustee or the Issuer. The Borrower further agrees that in the event of a default under the Bond Indenture, the Trustee shall be entitled to enforce the provisions of this Agreement.

Section 5.6 Prepayment of Loan Repayments; Credit for Bonds Surrendered.

(a) The Borrower shall have the right from time to time to make Loan Repayments in advance which shall be paid to the Trustee and shall, as directed by the Borrower, be applied as credits upon the next ensuing Loan Repayments or, upon payment by the Borrower of the amount required to pay the redemption premiums (if any), be used to redeem or to purchase Bonds in the open market prior to maturity. The Borrower shall also have the right to surrender Bonds acquired by it to the Trustee. Bonds so redeemed, purchased or surrendered shall be forthwith canceled and the principal amounts thereof shall be applied as credits to the Borrower upon the next ensuing Loan Repayments due and payable with respect to the date or dates upon which any such Bonds become due and payable pursuant to the Redemption Requirements applicable thereto.

(b) To make a prepayment pursuant to this Section, the Borrower shall give the Trustee not less than 60 days prior written notice of any prepayment, which notice shall designate the date of prepayment and the amount thereof and direct the redemption of Bonds in the amounts corresponding to the amount of the Loan to be prepaid.

Section 5.7 Effect of Partial Prepayment. Upon any partial prepayment of the Loan, each installment of principal which shall thereafter be payable on such obligation shall be reduced in a manner consistent with the reduction in the amount of principal payable on the Bonds to which such installment of principal corresponds. In addition, upon each such prepayment of the Loan, each installment of interest which shall thereafter be payable on the

Loan shall be reduced, taking into account the interest rate or rates on the Bonds remaining outstanding after the redemption of Bonds from the proceeds of such partial prepayment and after the purchase and delivery and cancellation of Bonds described in Section 5.2 hereof so that the interest remaining payable on the Loan shall be sufficient to pay the interest on the outstanding Bonds when due.

Section 5.8 Amortization Schedules. On the date of any partial prepayment of the Loan, the Borrower, upon consultation with the Trustee, shall deliver to the Trustee a revised amortization schedule with respect to the Loan then outstanding setting forth the amount of the installments to be paid on such Loan after the date of such partial prepayment and the unpaid principal balance of such Loan after payment of each such installment.

Section 5.9 Extraordinary Prepayment. The Borrower shall have the option to prepay the unpaid aggregate amount of the Loan in whole but not in part, on any date, upon not less than 45 days prior notice to the Trustee, together with accrued interest to the date of prepayment of the Bonds, in the event that:

(i) Facilities of the System shall have been damaged or destroyed to such extent that, in the opinion of the Borrower expressed in a Borrower's Certificate filed with the Issuer and the Trustee following such damage or destruction it is not practicable or desirable to rebuild, repair or restore such facilities within a period of six consecutive months following such damage or destruction, or the Borrower is or will be thereby prevented from carrying on its normal operations of such facilities for a period of at least six consecutive months; or

(ii) Title to or the temporary use of all or substantially all the facilities of the System shall have been taken under the exercise of the power of eminent domain, or the threat in lieu thereof, by any governmental authority to such extent that, in the opinion of the Borrower expressed in a Borrower's Certificate filed with the Issuer and the Trustee, the Borrower is or will be thereby prevented from carrying on its normal operations of the facilities for a period of at least six consecutive months; or

(iii) Any court or administrative body of competent jurisdiction shall enter a judgment, order or decree requiring the Borrower to cease all or any substantial part of its operations of the System to such extent that, in the opinion of the Borrower expressed in a Borrower's Certificate filed with the Issuer and the Trustee, the Borrower is or will be thereby prevented from carrying on its normal operations of the System for a period of at least six consecutive months; or

(iv) As a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) of competent jurisdiction, the Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in the Loan Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on

the Issuer or the Borrower including without limitation, federal, state or other ad valorem, property, income or other taxes not being imposed on the date of the Loan Agreement.

Subject to the provisions of the Supplemental Indenture for Master Note, Series 2005, this Section shall not be construed to prohibit the Borrower from applying insurance proceeds with respect to any casualty loss or condemnation awards or payments in lieu thereof to the optional prepayment of the Loan in accordance with the provisions of Section 5.6 of this Agreement.

Section 5.10 Special Prepayment. Borrower shall prepay all of the unpaid aggregate principal amount under this Agreement, together with accrued interest to the date of prepayment, by redeeming Bonds in accordance with the provisions of Section 4.1 of the Bond Indenture, in the event of the sale, lease or other disposition of any of Borrower's property to any person if the Borrower Representative determines, based on an Opinion of Bond Counsel, that unless remedial measures are taken pursuant to any revenue procedure, revenue ruling or regulation of the Internal Revenue Service, the exclusion from gross income of the interest on the Bonds for federal income tax purposes will be adversely affected.

Section 5.11 Surplus Funds. When all the Bonds shall have been redeemed or retired, and all other obligations incurred or to be incurred by the Borrower, or by the Issuer in connection with the Borrower, under the Bond Indenture and this Agreement shall have been paid, or the Bond Indenture shall have been defeased pursuant to Article XI of the Bond Indenture, any surplus funds remaining to the credit of the Borrower in the funds or accounts established under the Bond Indenture other than any rebate fund shall be paid to the Borrower as a reimbursement for overpayment of Loan Repayments.

Section 5.12 Borrower's Obligations Unconditional. The Issuer and the Borrower agree that the Borrower shall bear all risk of damage, destruction or loss of title in whole or in part to its Property or any part thereof including without limitation any loss, complete or partial, or interruption in the use, occupancy or operation of such Property, or any manner or thing which for any reason interferes with, prevents or renders burdensome, the use or occupancy of its Property or the compliance by the Borrower with any of the terms of this Loan Agreement. In furtherance of the foregoing, but without limiting any of the other provisions of this Loan Agreement, the Borrower agrees that its obligations to pay the principal, premium, if any, and interest on the Loan, to pay the other sums herein provided for and to perform and observe its other agreements contained herein shall be absolute and unconditional and that the Borrower shall not be entitled to any abatement or diminution thereof nor to any termination of this Loan Agreement for any reason whatsoever.

ARTICLE 6

SPECIAL COVENANTS OF BORROWER

Section 6.1 Compliance with Covenants, Conditions and Agreements in Master Indenture. The Borrower covenants that so long as the Bonds are outstanding it shall comply with, each and every covenant, condition and agreement in the Master Indenture and each of the Related Documents and in this Agreement that is applicable to it.

Section 6.2 Examination of Books and Records of the Borrower. The Issuer and the Trustee shall be permitted, during normal business hours and upon reasonable notice, to examine the books and records of the Borrower, including any accountants' work papers with respect to compliance with the obligations of the Borrower hereunder, subject to the terms of the Master Indenture.

Section 6.3 Further Assurances and Corrective Instruments. Subject to the provisions of Section 10.2 hereof and upon receipt by the Issuer of its reasonable expenses in connection therewith and such indemnity and hold harmless assurances as the Issuer may require, the Issuer and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements and amendments hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the System and for carrying out the intention or facilitating the performance of this Agreement.

Section 6.4 Recording and Filing; Other Instruments.

(a) The Borrower covenants that it will deliver to the Trustee a written statement not earlier than 60 nor later than 30 days prior to each fifth anniversary date after the issuance of the Bonds to the effect that all financing statements and continuation statements have been recorded or filed or rerecorded or refiled in such manner and in such places in order to continue in effect the financing statements previously filed or recorded in connection therewith, or that no such filing is required, and to fully preserve and protect to the extent possible under applicable law the rights of the Trustee in the assignment to the Trustee of certain rights of the Issuer under this Agreement as against creditors of, or purchasers for value from, the Issuer or the Borrower.

(b) The Borrower shall file and refile and record and rerecord or cause to be filed and refiled and recorded and rerecorded all instruments required to be filed and refiled and recorded or rerecorded and shall continue or cause to be continued the liens of such instruments for so long as the Bonds shall be outstanding, except as otherwise in this Agreement required.

Section 6.5 Inspections; Reports; Repairs. During normal business hours and upon reasonable notice, the Issuer and the Trustee through their respective officers, employees, consultants and other authorized representatives, shall have free and unobstructed access at all reasonable times to make an inspection of the System for purposes of ascertaining whether the Borrower has complied with its agreements and obligations under this Agreement; provided, however, that such inspections shall not interfere with Borrower's ordinary operation of the System. Upon the request from time to time of the Issuer or the Trustee, which request shall not be made unless any such inspection referred to above shall disclose that the Borrower may have violated any of its agreements under the provisions of this Agreement, the Borrower shall cause an inspection of the System to be made by an independent wastewater consultant or an engineer acceptable to the Trustee and shall file with the Issuer and the Trustee immediately following each such inspection the report of such independent wastewater consultant or engineer setting forth (a) findings as to whether the System has been maintained in good repair, working order and condition and (b) recommendations as to the proper maintenance and repair of the System during the remaining life of the Bonds then Outstanding. If such report concludes that the Project has not been maintained in good repair, working order and condition, the Borrower shall

restore the System promptly to good repair, working order and condition with all expedition practicable.

Section 6.6 Corporate Status. The Borrower hereby represents, warrants, covenants and agrees that it (i) will not amend or repeal its articles of incorporation that are in effect as of the date hereof or (ii) will not make any material amendments to any other organizational document that is currently in effect as of the date hereof, without prior written notice to the Bond Trustee.

Section 6.7 Tax-Exempt Status. The Borrower and, as provided below, the Issuer hereby represent, warrant, covenant and agree that:

(a) It will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the excludability from gross income for purposes of federal income taxation of the interest on the Bonds, and if it should take or permit, or omit to take or cause to be taken, any such action, the Borrower shall take all lawful actions necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof.

(b) Upon the request of the Issuer or the Trustee, the Borrower will take such action or actions as may be reasonably necessary, in the written opinion of Bond Counsel, to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 103 of the Code.

(c) The Borrower and the Issuer agree that they will not make any use of the proceeds from the sale of the Bonds in any manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder.

(d) The Borrower represents that the "average maturity" of the Bonds does not exceed 120% of the remaining "average reasonably expected economic life" of the facilities of the System financed with the proceeds of the 1995 Bonds within the meaning of Section 147(b) of the Code, with such percentage to be computed pursuant to the requirements of Section 147(b) of the Code.

(e) The Borrower and the Issuer (to the extent of the Issuer's control) represent that they each will comply fully, during the term of this Agreement, with all effective rules, rulings and regulations promulgated by the Department of Treasury or the Internal Revenue Service with respect to the Bonds issued under the Code and the Borrower will take all action necessary to maintain the federal tax-exempt status of the interest payable on the Bonds. The Issuer will provide reasonable assistance to the Borrower as may be necessary to maintain the federal tax-exempt status of the interest payable on the Bonds.

(f) The information furnished by the Borrower to the Issuer and used in preparing the Information Return to be filed with the Internal Revenue Service pursuant to Section 149(e) of the Code, is true and correct.

(g) The Borrower covenants that the net proceeds of the Bonds will not be used to provide a facility the primary purpose of which is the provision of retail food and beverage

services, automobile sales or service, recreation or entertainment; and none of the proceeds of the Bonds will be used to provide any private or commercial golf course, country club, massage parlor, tennis club, skating facility (including roller skating, skateboard and ice skating), racquet sports facilities (including any handball or racquetball court), hot tub facility, suntan facility, racetrack, airplane, skybox or other private luxury box, any health club facility, any facility used primarily for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off the premises.

(h) The Borrower will comply with each of the covenants and agreements of the Borrower set forth in the Tax Certificate.

The Borrower and the Issuer each agree to take no action which would (or omit to take any action which would) cause the Bonds to become "arbitrage bonds" or otherwise in violation of this Section or the provisions and covenants of the Tax Agreement executed by them in connection with the issuance of the Bonds, provided, however, that the sole obligation of the Issuer in this respect shall be to adhere to reasonable directions received from the Borrower.

ARTICLE 7

EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default Defined. The term "Event of Default" shall mean any one or more of the following events:

(a) The Borrower shall fail to pay, or cause to be paid, in full any payment required under this Agreement or under the Master Note, Series 2005 when due, whether at maturity, redemption, acceleration or otherwise pursuant to the terms hereof; or

(b) The Borrower shall fail duly to perform, observe or comply with any covenant, condition or agreement on its part under this Agreement (other than a failure to make any payment under Section 7.1(a)), including any covenant, condition or agreement in the Master Indenture, and such failure continues for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Borrower by the Trustee or the Issuer; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 30-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the Borrower shall commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion; or

(c) The Master Trustee shall have declared the aggregate principal amount of either of the Master Note, Series 2005 and all interest due thereon immediately due and payable in accordance with Section 4.2 of the Master Indenture; or

(d) If a default shall have occurred and be continuing under any bond, debenture, note or other evidence of indebtedness for money borrowed in excess of \$500,000 by the Borrower or under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed in excess of \$500,000 by the

Borrower, whether such indebtedness now exists or shall hereafter be created, after the expiration of any applicable grace period with respect thereto; provided, however, a default shall not be deemed to have occurred pursuant to this clause (d) if the Borrower shall within 30 days of such "default" commence a contest in good faith and by appropriate legal proceedings unless (i) the Borrower fails to pursue such contest diligently and in good faith or (ii) such contest results in a final order or judgment of a court or administrative body of competent jurisdiction against the Borrower; or

(e) The occurrence of an "Event of Default" under Section 7.1 of the Bond Indenture and any other Related Document.

Section 7.2 Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Trustee or the Issuer with the consent of the Trustee may take one or more of the following remedial steps:

(a) Subject to the provisions of Sections 7.2 and 7.11 of the Bond Indenture, in the case of an Event of Default described in Section 7.1(a) of this Agreement, take whatever action at law or in equity is necessary or desirable to collect the payments then due hereunder and under the Master Note, Series 2005, whether by installment payment, at maturity, with respect to proceedings for redemption, by acceleration of the Loan and the Bonds, or otherwise; or

(b) Subject to the provisions of Sections 7.2 and 7.11 of the Bond Indenture, in the case of any other Event of Default described in Section 7.1 of this Agreement, take whatever action at law or in equity that is necessary or desirable to enforce the performance, observance or compliance by the Borrower with any covenant, condition or agreement by the Borrower under this Agreement; or

(c) Subject to the provisions of Sections 7.2 and 7.11 of the Bond Indenture, in the case of any Event of Default described in Section 7.1 of this Agreement, and pursuant to the limitations of Section 4.2 of the Master Indenture declare all obligations outstanding and payments due under this Agreement, immediately due and payable, whereupon such obligations and payments due under this Agreement shall become and be immediately due and payable, separately and independently, with or without an acceleration of the Bonds.

With respect to clause (b) above, the Issuer need not obtain the consent of the Trustee with respect to the enforcement of the Issuer's rights hereunder which have not been assigned to the Trustee.

Section 7.3 Application of Amounts Realized in Enforcement of Remedies. The proceeds or avails resulting from the exercise of any remedies under Section 7.2 hereof, together with any other sums which then may be held by the Trustee under this Agreement, whether under the provisions of this Article or otherwise, and which are available for such application, shall be applied as follows:

FIRST -- To the payment of the costs and expenses of the exercise of such remedies, including reasonable compensation to the Issuer, the Master Trustee and the Trustee, their agents, attorneys and counsel, and the expenses of any judicial proceedings wherein the same may be made, and of all expenses, liabilities,

advances made or incurred by any thereof as permitted by this Agreement, together with interest at the Trustee's or Master Trustee's, as the case may be, announced prime rate per annum from time to time in effect, on all such advances, and to the payment of all taxes, assessments or claims prior to the claim of this Agreement, except any taxes, assessments, liens or other charges, subject to which Property may have been sold;

- SECOND -- To the payment of the whole amount then due and owing and unpaid upon the Master Note, Series 2005 for principal, interest and premium, if any; in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Master Note, Series 2005, then ratably according to the aggregate of such principal and accrued and unpaid interest and premium, if any, without preference or priority as between principal, interest or premium; such application to be made upon presentation of the Master Note, Series 2005 and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid;
- THIRD -- To any rebate fund, to the extent of any deficiencies therein.
- FOURTH -- To the payment of any other sums required to be paid by the Borrower pursuant to any provisions of this Agreement or the Master Note, Series 2005;
- FIFTH -- To the payment of any other sums required to be paid by the Borrower pursuant to any provision of the Master Indenture; and
- SIXTH -- To the payment of the surplus, if any, to the Borrower, its successors or assigns, upon the written request of the Borrower or to whomever may be lawfully entitled to receive the same upon its written request, or as any court of competent jurisdiction may direct.

Section 7.4 No Remedy Exclusive. Subject to Section 7.2 of this Agreement, no remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 7.5 Agreement to Pay Attorneys' Fees and Expenses. In any event of default, if the Issuer or the Trustee employs attorneys or incurs other expenses for the collection of amounts payable hereunder or the enforcement of the performance or observance of any covenants or agreements on the part of the Borrower herein contained, whether or not suit is commenced, the Borrower agrees that it will on demand therefor pay to the Issuer or the Trustee the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Issuer or the Trustee.

Section 7.6 Authority and Borrower to Give Notice of Default. The Issuer and the Borrower severally covenant that they will, at the expense of the Borrower, promptly give to the Trustee written notice of any Event of Default under this Agreement of which they shall have actual knowledge or written notice, but the Issuer shall not be liable for failing to give such notice.

Section 7.7 Correlative Waivers. If an event of default under Section 7.1 of the Bond Indenture or Section 5.1 of the Master Indenture shall be cured or waived and any remedial action by the Trustee rescinded, any correlative default under this Agreement shall, ipso facto, be deemed to have been cured or waived.

Section 7.8 No Waiver of Rights. No failure by the Issuer, the Trustee or the holders or owners of the Bonds to insist upon the strict performance of any term, covenant, condition or provision of this Agreement or any other agreement or collateral document given in connection herewith, or to exercise any right or remedy consequent upon a breach hereof, and no acceptance of any Loan Repayment or other sum during the continuance of any such breach, shall constitute a waiver of any such breach or of such term, covenant, condition or provision or a waiver or relinquishment for the future of the right to insist upon and to enforce by any appropriate legal remedy strict compliance with all other terms, covenants, conditions and provisions of this Agreement, or of the right to exercise any such rights or remedies, if any breach by the Borrower be continued or repeated.